

INTERSTATE PEST CONTROL COMPACT INSURANCE FUND

FINANCIAL REPORT

For the Year Ended June 30, 2002

Interstate Pest Control Compact Discussion Points for Treasurer s Report

Highlights from Fiscal Year 2002:

- Total assets available at June 30, 2002 were \$1,005,398. A decrease of \$58,984 over the June 30, 2001, balance of \$1,064,382. This decrease was due to the funding of two claims / projects totaling \$100,000 during the year.
- Income on investments totaled \$27,827. There were no investment fees or expenses. The Average Yield for the year was 2.66. As you all well know, returns on investment are down significantly everywhere.
- Investment Risk: Recent news about accounting discrepancies at various corporations have severely depressed the stock market and resulted in significant losses for investors holding stock in applicable corporations. The Virginia Local Government Investment Pool, in which IPCC funds are invested, follows guidelines that permit only high quality corporate investments. The LGIP portfolio does not contain any securities that have recently experienced credit concerns or downgrades. The IPCC investment is diversified in the following way:

| | |
|-------------------------|------|
| U.S. Treasury / Agency | 22% |
| Repurchase Agreements | 31% |
| Negotiable CDs & BAs | 16% |
| Non-Negotiable CDs | 0% |
| Commercial Paper* | 23% |
| Corporate & Bank Notes* | 8% |
| Total: | 100% |

* Commercial Paper is restricted to a maximum of 35% and Corporate & Bank Notes to a maximum of 25% of the entire investment pool by law. This minimizes the risk to the IPCC while attempting to maximize gains.

- Membership dues totaling \$24,446 were received from the states of Arkansas, Florida, Kansas, Rhode Island, Colorado, and New York.
- Two insurance claims / projects were paid out during the year. The State of Washington received \$50,000 for the Citrus Long-Horned Beetle and Minnesota received \$50,000 to combat their Gypsy Moth infestation.
- Operating expenses were \$11,491, which was \$5,409 under budget.
- We were all saddened by the death of Bill Metterhouse, Executive Director of the IPCC. Our deepest sympathies and prayers go out to his family and all who knew him.

INTERSTATE PEST CONTROL COMPACT BALANCE SHEET

Assets

| | | |
|-------------------|-------------------|----------------|
| Operating Account | \$9,877.22 | |
| Investments | <u>995,520.69</u> | ¹ |
| TOTAL ASSETS | | \$1,005,397.91 |

Liabilities & Equity

| | | |
|----------------------------|---------------------|----------------|
| Liabilities | \$0.00 | |
| Equity | <u>1,005,397.91</u> | |
| TOTAL LIABILITIES & EQUITY | | \$1,005,397.91 |

¹ Funds are invested in the Local Government Investment Pool (LGIP) through the Commonwealth of Virginia's Treasurer's Office.
The average yield for the fiscal year ended June 30, 2002 was 2.66%.

INTERSTATE PEST CONTROL COMPACT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Balance on July 1, 2001 **\$1,064,382.12**

Add - Inflows

Investment Income:

| | | |
|-------------|------------------|------------------|
| LGIP | 27,826.58 | |
| | | 27,826.58 |

Dues Income:

| | | |
|---------------------|------------------|------------------|
| Arkansas | 3,954.00 | |
| Colorado | 4,000.00 | |
| Kansas | 4,786.00 | |
| New York | 11,362.00 | |
| Rhode Island | 344.00 | |
| | | 24,446.00 |

| | | |
|-----------------------------------|---------------|------------------|
| Operating Account Interest | 234.23 | |
| | | 52,506.81 |

Deduct-Outflows

Operating Expenses:

| | | |
|---------------------------------|-----------------|------------------|
| Executive Director | 6,335.00 | |
| Travel | 1,867.26 | |
| NASDA Management Fee | 2,000.00 | |
| Bank Service Charges | 203.88 | |
| Conference Registrations | 825.00 | |
| Printing | 234.77 | |
| Misc. Administration | 25.11 | |
| | | 11,491.02 |

Insurance Claims

| | | |
|--|------------------|-------------------|
| Washington - Citrus Longhorned Beetle | 50,000.00 | |
| Minnesota - Gypsy Moth | 50,000.00 | |
| | | 111,491.02 |

Balance on June 30, 2002 **\$1,005,397.91**

INTERSTATE PEST CONTROL COMPACT
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN
FUND BALANCES/EQUITY

For the Year-Ended Ended June 30, 2002

Revenues

| | | |
|----------------------------|-------------|-------------|
| Investment Income | \$27,826.58 | |
| Dues Income | 24,446.00 | |
| Operating Account Interest | 234.23 | |
| Total revenues | <hr/> | \$52,506.81 |

Expenditures

| | | |
|--------------------|-------------|------------|
| Operating Expenses | \$11,491.02 | |
| Insurance Claims | 100,000.00 | |
| Total expenses | <hr/> | 111,491.02 |

| | |
|---|----------------------|
| <i>Excess of revenue over expenditures</i> | (\$58,984.21) |
|---|----------------------|

| | |
|---|---------------------|
| <i>Fund balances/equity July 1, 2001</i> | 1,064,382.12 |
|---|---------------------|

| | |
|--|-----------------------|
| <i>Fund balances/equity June 30, 2002</i> | \$1,005,397.91 |
|--|-----------------------|

INTERSTATE PEST CONTROL COMPACT
OPERATING BUDGET
July 1, 2001 to June 30, 2002

| <u>Description</u> | <u>Budget 2001-2002</u> | <u>Actual 2001-2002</u> | <u>Budget 2000-2001</u> | <u>Actual 2000-2001</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| NASDA Contracts | | | | |
| Administration | \$2,000.00 | \$2,000.00 | \$2,000.00 | \$1,000.00 |
| Metterhouse | 10,000.00 | 6,335.00 | 10,000.00 | 9,720.00 |
| Travel & Misc. | 3,500.00 | 2,692.26 | 3,500.00 | 2,778.94 |
| Printing | 500.00 | 234.77 | 500.00 | 348.00 |
| Bond for Treasurer | 100.00 | 0.00 | 100.00 | 0.00 |
| Audit | 150.00 | 0.00 | 150.00 | 0.00 |
| Postage & Miscellaneous- Secretary's Office | 150.00 | 25.11 | 150.00 | 0.00 |
| Bank Charges | 0.00 | 203.88 | 0.00 | 172.91 |
| Technical Committee | 0.00 | 0.00 | 0.00 | 0.00 |
| Special Committee | <u>500.00</u> | <u>0.00</u> | <u>500.00</u> | <u>0.00</u> |
| TOTALS | \$16,900.00 | \$11,491.02 | \$16,900.00 | \$14,019.85 |